

AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

AUDITOR/CONTROLLER • 222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830

RECORDER • COUNTY CLERK • 222 West Hospitality Lane, First Floor
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-8940

LARRY WALKER

Auditor/Controller-Recorder
County Clerk

ELIZABETH A. STARBUCK

Assistant Auditor/Controller-Recorder
Assistant County Clerk

May 21, 2009

To the Board of Supervisors
County of San Bernardino

Recent changes of our professional standards (Statements on Auditing Standards No. 114) require auditors to communicate with those charged with governance at the conclusion of each financial statement audit. This communication will include our responsibilities under generally accepted auditing standards, an overview of the planned scope and timing of the audit, and significant findings from the audit. The information contained in this communication has been communicated to management during the course of the audit and will be discussed further with management during our exit conference.

We have concluded our audit of the financial statements of the **special districts listed on Attachment A** for the fiscal year ended June 30, 2008, and have issued our reports thereon. Per the above mentioned standard, attached you will find a letter intended to provide you with a summary of matters related to the financial statement audits that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance. The significant findings are described in detail, along with management's response, in separate management letters issued to the Special Districts Department and the Department of Airports.

Respectfully submitted,

Larry Walker

Auditor/Controller-Recorder

By:

Howard Ochi, CPA
Chief Deputy Auditor

Copies to:

County Administrative Officer
Administrative Office, Valerie Clay
Board of Supervisors (5)
Audit File

Quarterly copies to:

Grand Jury (2)

Date Report Distributed: 5/22/09

LDW:HMO:RRB:mah

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May 21, 2009

To the Board of Supervisors
County of San Bernardino

We have audited the financial statements of the **special districts listed on Attachment A** for the year ended June 30, 2008, and have issued our reports thereon. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities for the fair presentation of the financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the Audit Committee of the County of San Bernardino.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by each special district are described in Note 1 to the financial statements. GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27* was implemented for the fiscal year 2008 financial statements.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements and are based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was:

Estimates were used in calculating depreciation. We evaluated the key factors and assumptions used in developing these estimates and they appeared reasonable in relation to the basic financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Professional standards also require us to communicate to you material, corrected misstatements that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance. A schedule has been prepared, **Attachment B**, to disclose the material misstatements detected as a result of our audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements of the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representation from management that are included in the management representation letter received for each special district.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.


Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as auditors of the financial statements.

This information is intended solely for the use of the Board of Supervisors, the Audit Committee, and management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By:  _____
Howard Ochi, CPA
Chief Deputy Auditor

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**San Bernardino County
Special District Schedule
Fiscal Year ended June 30, 2008**

Dept. No.	District	Audit Report Issued
620	BIG BEAR VALLEY PARK & RECREATION (Park and Zoo)	4/30/2009
400	CSA 60 (Apple Valley Airport)	3/30/2009
405	CSA 70 - W-10 West Morongo Valley (Water)	4/1/2009

**San Bernardino County
Special District Schedule
Significant Corrected Misstatements
Fiscal Year ended June 30, 2008**

District

Big Bear Valley Park & Recreation (Park and Zoo)

A material adjustment of \$2,500,000 was made to increase fixed assets and revenues. This adjustment was needed because the funding for the Big Bear Sports Ranch purchase went directly to the escrow company and the transaction was not recorded in FAS.

Other material adjustments were made to record revenues and expenditures of \$307,792 and \$274,419, respectively, due to some of the District's Special Activities Account transactions not being recorded in FAS.

CSA 60 (Apple Valley Airport)

A material adjustment of \$577,951 was made to accrue taxes receivable due to property taxes and a cash receipt for Redevelopment Area pass-through revenue not being accrued for at year-end. The amount was unknown by the District by the deadline for year-end accruals.